

**Agreement Between
The Government of the United States of America
And
The Government of India
For
Financing Certain Educational Exchange Programmes**

The Government of the United States of America and the Government of India (hereinafter referred to as "the Parties"):

Desiring to promote further mutual understanding between the peoples of the United States of America and India by a wider exchange of knowledge and professional talents through educational contacts;

Considering the mutual benefits derived from such program and the desire of the Parties to cooperate and assist in the financing and expansion of this program for the further strengthening of bilateral cooperation in this area.

Recalling the Agreement of February 2, 1950, and the Agreement of June 19, 1963 superseding it, between the two countries on the same subject, have agreed as follows:

Article 1

The United States Educational Foundation in India established under the Indo-U.S. agreement of February 2, 1950 and continued under the Indo-U.S. agreement of June 19, 1963 shall continue to function under the terms of the present Agreement as the U.S. - India Educational Foundation (hereinafter referred to as "the Foundation"), awarding Fulbright-Jawaharlal Nehru Scholarships and Grants

The Parties specifically affirm their intention that the Foundation shall continue to be recognized by the Government of the United States of America and the Government of India as an organization created and established to facilitate the administration of the educational program to be financed by funds made available by both Parties under the terms of the present agreement and by other appropriate sources as approved by the Foundation Board, keeping in mind the objectives of the program as contained in this agreement.

Article 2

The funds made available by the Parties and by other sources, within the conditions and limitations hereinafter set forth, shall be used by the Foundation for the purposes of:

- (i) financing studies, research, instruction, and other educational activities (i) of or for citizens and nationals of the United States of America in India, and (ii) of or for citizens and nationals of India in United States of America.
- (ii) financing visits and interchanges between the United States of America and India of students, teachers, scholars, and professionals; and
- (iii) facilitating and financing such other related educational and cultural programs and activities such as evaluation, testing and educational advisory services; promoting cooperation and information sharing about higher education systems and practices; and conferences and workshops.

Article 3

In furtherance of the aforementioned purposes, the Foundation may, subject to the provisions of the present Agreement, exercise all powers necessary to carry out the purposes of the present Agreement including the following:

- (i) Receive funds.
- (ii) Open and operate bank accounts in the name of the Foundation in a bank/banks to be designated by the Foundation Board.
- (iii) Prepare an annual budget proposal and disburse funds and make grants and advances of funds, including payment for transportation, tuition, maintenance and other expenses relevant to Article 2 (i), (ii) and (iii).
- (iv) Acquire, hold, and dispose of property in the name of the Foundation as the Board of Directors of the Foundation may consider necessary or desirable
- (v) Plan, adopt, and carry out programs in accordance with the purposes of the present Agreement.
- (vi) Recommend to the J. William Fulbright Foreign Scholarship Board of the United States of America students, teachers,

scholars and professionals of India and the United States of America to participate in the program.

- (vii) Recommend to the aforesaid Fulbright Foreign Scholarship Board such qualifications for the selection of participants in the programs as it may deem necessary.
- (viii) Provide for annual audit of the accounts of the Foundation by the auditors selected by the Foundation Board and make the same available to both Parties.
- (ix) Engage an Executive Director and administrative and clerical staff and fix and pay the salaries and wages thereof and incur other administrative expenses associated with the Foundation as may be deemed necessary.
- (x) Administer or assist in administering or otherwise facilitate educational and cultural programs and activities that further the purposes of the present Agreement but are not financed by funds made available under this Agreement, provided, however, that such programs and activities and the Foundation's role therein shall be approved in advance by the Foundation Board, and not objected to by either Party.

Article 4

The management and direction of the affairs of the Foundation shall be vested in a Board of Directors consisting of ten Directors (hereinafter designated 'the Board'), five of whom shall be citizens of the United States of America and five of whom shall be citizens of India. The Foreign Secretary, Ministry of External Affairs, Government of India or his designee and the Chief of Mission of the U.S. Diplomatic Mission to India, shall be Honorary Co-Chairpersons of the Board, entitled to participate in Board meetings as non-voting members. The Board will ordinarily seek to function on the basis of broad consensus. Matters which cannot be resolved within the Board will be referred to the Parties to be resolved by mutual consultation. The Government of India shall have the power to appoint and remove the citizens of India on the Board, at least one of whom will be from the Ministry of Human Resource Development and one from the Ministry of External Affairs. The Chief of Mission shall have the power to appoint and remove the citizens of the United States of America on the Board, at least two of whom shall be officers of the United States Foreign Service establishment in India.

The Directors shall be appointed for two-year terms and shall be eligible for reappointment for an additional two years. Vacancies by

reason of resignation, transfer of residence outside India, expiration of service or otherwise, shall be filled in accordance with the appointment procedures set forth in this Article. A Director of the Foundation Board serving at the time that this Agreement comes into effect shall continue to serve the term applicable at the time of his or her appointment, unless that Director is removed pursuant to this Article.

The Directors shall serve without compensation but the Foundation is authorized to pay the necessary expenses of the Directors in attending the meetings of the Board.

A President shall be elected by the Board from its own membership for a period of service of one year provided that the position shall be assumed alternately by a citizen of the United States of America and a citizen of India.

Article 5

The Board shall adopt such by-laws and appoint such committees as it shall deem necessary for the conduct of the affairs of the Foundation.

Article 6

Reports acceptable in form and content to the two Parties shall be made annually on the activities of the Foundation to the two Parties.

Special reports may be made more often at the discretion of the Foundation or at the request of either Party.

Article 7

The principal office of the Foundation shall be in the capital city of India, but meetings of the Board and any of its committees may be held in such other places as the Board may from time to time determine, and the activities of any of the Foundation's officers or staff may be carried on at such places as may be approved by the Board.

Article 8

The Executive Director shall be responsible for the direction and supervision of the Board's programs and activities in accordance with the Board's resolutions and directives and the provisions of this Agreement. In his or her absence or disability, the Board may appoint an Acting Executive Director for such time as it deems necessary or desirable.

Article 9

The Parties agree to establish a Finance Committee comprising representatives of both Governments, which will:

- (a) Subject to the instructions of the respective Parties, approve the budget proposed by the Board and determine the budgetary support to be contributed by the respective Parties to the Foundation for each Program year.
- (b) Recommend to the Parties the amount to be released periodically to the Foundation by the two Parties; and
- (c) Review annually the audited accounts of the Foundation and request clarifications as deemed necessary prior to the Board's submission of these to the Parties

The Finance Committee will meet periodically as required, but not less than once every quarter. The Foundation Executive Director shall provide secretariat support to the Finance Committee.

Article 10

The Parties shall agree to make annual allocations of funds to the Foundation for the purposes of this Agreement each fiscal year. The amount of such annual allocations shall be subject to the funds available to both Parties in accordance with their respective national laws and regulations. The Parties agree on the need for parity in their respective financial contributions to the Foundation, with both sides committed to providing substantial sharing of costs under this Agreement.

All administrative expenditures of the Foundation, including salaries, wages, rents, and utilities, shall continue to be met by the Government of United States of America until decided otherwise by the two Parties.

In the budgeting and accounting of the funds of the Government of India, and in the financial and program reporting to the Government of India, the Foundation shall follow the approved financial norms of the Government of India.

In the budgeting and accounting of the funds of the Government of the United States, and in the financial and program reporting to the Government of the United States, the Foundation shall follow the US Department of State's Manual for Binational Commissions and Foundations.

Article 11

The Foundation shall continue to enjoy exemption from taxation as follows:

- (i) Furniture, equipment, supplies and any other articles intended for official use of the Foundation shall be exempt in the territory of India from customs duties, excise, and surtaxes and every other form of taxation.
- (ii) All funds and other property used for the purposes of the Foundation within the scope of its purposes shall likewise be exempt from taxation of every kind in the territory of India.
- (iii) The sale or disposal in India of any such furniture, equipment, supplies, etc. shall be in accordance with the rules and regulations of the Government of India as existing at the time of such sale or disposal.
- (iv) Contributions of the Government of India shall be exempt from taxes in the United States of America, in accordance with the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes on Income," signed September 12, 1989, which came into effect on January 1, 1991

Article 12

The Government of India shall extend to citizens and nationals of the United States of America engaged in educational activities in India under the auspices of the Foundation, such privileges with respect to exemption from taxation and other burdens affecting the entry, travel and residence of such persons as are extended to citizens and nationals of India engaged in similar activities in the United States of America subject to the domestic law, rules and regulations of the Governments of India and the United States of America applicable to foreigners.

Article 13

The present Agreement may be amended by the exchange of diplomatic notes between the Parties.

Article 14

The Parties shall make every effort to facilitate the programs authorized in this Agreement and to resolve problems which may arise in the operation thereof.

Article 15

The present Agreement supersedes the Agreement between the Government of the United States of America and the Government of India for Financing Certain Educational Exchange Programmes, signed at New Delhi on June 19, 1963.

The present Agreement shall come into force upon the date of signature.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed the present Agreement.

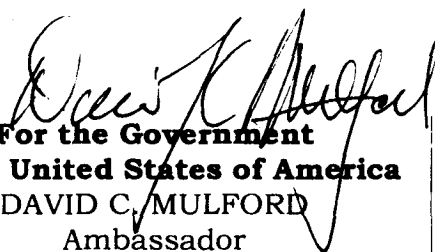
Done at New Delhi, in duplicate, on this 4th day of July, 2008 in the Hindi and English languages, both texts being equally authentic. In case of ambiguity, the English text shall prevail.


For the Government
of the United States of America
DAVID C. MULFORD
Ambassador


For the
Government of India
SHIVSHANKAR MENON
Foreign Secretary

**EXPLANATORY MEMORANDUM AS TO THE MANNER IN WHICH THE
GOVERNMENT OF THE UNITED STATES OF AMERICA AGREES TO
IMPLEMENT ARTICLE 11 (iv)**

The Government of the United States of America desires to inform the Government of India as to the manner in which it is prepared to give effect to Article 11 (iv) with respect to the exemption from U.S. federal income taxation of contributions to the Foundation by the Government of India. Pursuant to Article 1, 9, and 10, substantially all funding of the Foundation will be derived from the Parties; the Foundation is not and will not be a U.S. person; and the Foundation is not and will not be engaged in a trade or business in the United States. Under those conditions, the receipt of contributions from the Government of India to the Foundation shall be exempt from U.S. federal income taxation.


**For the Government
of the United States of America**
DAVID C. MULFORD
Ambassador


**For the
Government of India**
SHIVSHANKAR MENON
Foreign Secretary